

Instructions for Long Form 540NR California Nonresident or Part-Year Resident Income Tax Return

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 2005**, and the California Revenue and Taxation Code (R&TC).

Before You Begin

You must complete your federal income tax return (Form 1040, Form 1040A, Form 1040EZ, Form 1040NR, or Form 1040NR-EZ) before you begin your Long Form 540NR. You will use information from your federal income tax return to complete your Long Form 540NR. Be sure to complete and mail Long Form 540NR by April 17, 2006. If you cannot mail your return by the due date, see page 6 for information.

To get forms and publications referred to in these instructions go to our Website at www.ftb.ca.gov or see "Where To Get Income Tax Forms and Publications" on page 65.

Important: You must attach a copy of your federal income tax return, and all supporting federal forms and schedules, to Long Form 540NR.

e-file! No math, fast refund, accurate return and more! See page 5 for details.



You may qualify for the federal earned income credit. See page 2 for more information. There is no comparable state credit.

Name and Address

If there is a label on the front of your booklet, attach the label to your completed return. Make sure that the information on your label is correct. Cross out any errors and print the correct information.

If there is no label, print your first name, middle initial, last name, and address in the spaces provided at the top of Long Form 540NR. See Helpful Hints, "Filing in your return" on page 9.

If you lease a private mailbox (PMB) from a private business rather than a PO box from the United States Postal Service, include the box number in the field labeled "PMB no." in the address area.

Foreign Address

Enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country's practice for entering the postal code. **Do not** abbreviate the country name.

Principal Business Activity (PBA) Code

For Schedule C business filers, please enter the numeric Principal Business Activity Code from federal Schedule C, line B in the field labeled "PBA Code" in the address area.

Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)

Enter your SSNs in the spaces provided. To protect your privacy, your SSN is not printed on your label. If you file a joint return, enter the SSNs in the same order as the names.

Note: If you do not have a SSN because you are a nonresident or a resident alien for federal tax purposes, and the IRS issued you an ITIN, enter the ITIN in the space provided for the SSN.

An ITIN is a tax processing number issued by the IRS to foreign nationals and others who have a federal tax filing requirement and do not qualify for a SSN. It is a nine-digit number that always starts with the number 9.

Prior Name

If you filed your 2004 tax return under a different last name, write the last name **only** from the 2004 return.

Filing Status

Fill in only one of the circles for line 1 through line 5. Be sure to enter the required information if you filled in the circle for line 3 or line 5.

Your filing status for California must be the same as the filing status you used on your federal income tax return. If you did not file a federal return because you did not have a federal filing requirement, use the filing status you would have used had you been required to file.

NonResident Alien – A joint return may be filed if, in the case of a nonresident alien married to a United States citizen or resident, both spouses elect to treat the nonresident alien spouse as a resident.

Exception for married taxpayers who file a joint federal income tax return – You may file separate California returns if either spouse was:



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- An active member of the United States Armed Forces or any auxiliary military branch during 2005; or
- A nonresident for the entire year and had no income from California sources during 2005.

Caution – Community Property: If either spouse earned California source income while domiciled in a community property state, the community income will be split equally between the spouses. Both spouses will have California source income and they will **not** qualify for the nonresident spouse exception. For more information, get FTB Pub. 1031, *Guidelines for Determining Resident Status*, and FTB Pub. 1051A, *Guidelines For Married Filing Separate Returns*.

If you filed federal Form 1040NR or Form 1040NR-EZ, you do not qualify to use the head of household or married filing jointly filing statuses. Instead, use single, married filing separately, or qualifying widow(er) filing status, whichever applies to you.

If You Are Married and File a Separate Return: Enter your spouse's full name on line 3 and social security number or individual taxpayer identification number in the space provided.

If You File as Head of Household, do not claim yourself or a nonrelative as the qualifying individual for head of household. Get FTB Pub. 1540, *Tax Information for Head of Household Filing Status*, for more information. See "Where To Get Income Tax Forms and Publications" on page 65.

e-file and you can close this book now! The software you use to e-file will help you find out if you qualify to claim head of household. Most software also provide a questionnaire, FTB 4803e, which will help verify your eligibility to the FTB. Go to our Website at www.ftb.ca.gov.



Exemptions

Line 6 – Can be Claimed as a Dependent

Completely fill in the circle on line 6 if your parent (or someone else) can claim you as a dependent on his or her tax return, even if he or she chooses not to.

Line 7 – Personal Exemptions

Did you fill in the circle on line 6?

No Follow the instructions on Long Form 540NR, line 7.

Yes Ignore the instructions on Long Form 540NR, line 7. Instead, enter the amount shown below for your filing status:

- Single or married filing separately, enter -0-; or
- Head of household, enter -0-.

Note: If you filed a joint return and you or your spouse can be claimed as a dependent on someone else's return you are not allowed a personal exemption.

Line 8 – Blind Exemptions

The first year you claim this exemption credit, you must attach a doctor's statement to the back of Long Form 540NR indicating that you or your spouse is visually impaired. You are visually impaired if you cannot see better than 20/200 while wearing glasses or contact lenses, or if your field of vision is not more than 20 degrees.

Caution: An individual who is someone else's dependent may not claim this credit.

Line 9 – Senior Exemptions

If you were 65 years of age or older by December 31, 2005*, you should claim an additional exemption credit on line 9. If you are married, each spouse 65 years of age or older should claim an additional credit. You may contribute all or part of this credit to the California Seniors Special Fund. See page 25 for information about this fund.

*If your 65th birthday is on January 1, 2006, you are considered to be age 65 on December 31, 2005.

Caution: An individual who is someone else's dependent may not claim this credit.

Line 10 – Dependent Exemptions

To claim an exemption credit for each of your dependents, write each dependent's name and relationship to you in the space provided. If you have more than five dependents, attach a schedule. The persons you list as dependents must be the same persons you listed as dependents on your federal income tax return. Count the number of dependents listed and enter the total in the box on line 10. Multiply the number you entered by the pre-printed dollar amount and enter the result.

Line 11 – Total Exemptions

Add lines 7-10 and enter the total amount of all exemptions – personal, blind, and dependent.

Total Taxable Income

Refer to your completed federal income tax return to complete this section.

Line 12 – California Wages

Enter the total amount of your California wages from your Form(s) W-2 or CA Sch W-2. This amount should be shown in box 16 of Form W-2 or line C of CA Sch W-2.

**Line 14 – California Adjustments — Subtractions
(from Schedule CA (540NR), line 37, column B)**

You must complete Schedule CA (540NR) to find the amount to enter on Long Form 540NR, line 14. Follow the instructions for Schedule CA (540NR) beginning on page 37. Enter the amount from Schedule CA (540NR), line 37, column B on Long Form 540NR, line 14.

Caution: If the amount on Schedule CA (540NR) line 37, column B is a negative number, do not transfer it to Long Form 540NR, line 14 as a negative number. Instead, transfer the number as a positive number to Long Form 540NR, line 16.

Line 15 – Subtotal

Subtract the amount on line 14 from the amount on line 13. Enter the result on line 15. If the amount on line 13 is less than zero, combine the amounts on line 13 and line 14 and enter the amount in parentheses. For example: "(12,325)."

**Line 16 – California Adjustments — Additions
(from Schedule CA (540NR), line 37, column C)**

You must complete Schedule CA (540NR), to find the amount to enter on Long Form 540NR, line 16. Follow the instructions for Schedule CA (540NR) beginning on page 37. Enter the amount from Schedule CA (540NR), line 37, column C on Long Form 540NR, line 16.

Caution: If the amount on Schedule CA (540NR) line 37, column C is a negative number, do not transfer it to Long Form 540NR, line 16 as a negative number. Instead, transfer the number as a positive number to Long Form 540NR, line 14.

Line 17 – Adjusted Gross Income From All Sources

Combine line 15 and line 16. This amount should be the same as the amount on Schedule CA (540NR), line 37, column D.

Line 18 – California Itemized Deductions or California Standard Deduction

You must decide whether to itemize your charitable contributions, medical expenses, etc., or take the standard deduction. Your California income tax will be less if you take the **larger** of your California:

- Itemized deductions (total itemized deductions allowed under California law); or
- Standard deduction.

If you are married and file a separate return, you and your spouse must either both itemize your deductions or both take the standard deduction.

Also, if someone else can claim you as a dependent, you may claim the greater of the standard deduction or your itemized deductions. To figure your standard deduction, see the California Standard Deduction Worksheet for Dependents on this page.

Itemized deductions. Figure your California itemized deductions by completing Schedule CA (540NR), Part III, line 38 through line 44. Enter the result on Long Form 540NR, line 18.

Note: If you did not itemize deductions on your federal income tax return but will itemize deductions for your California Long Form 540NR, first complete a sample federal Schedule A, Itemized Deductions. Then complete Schedule CA (540NR), Part III, line 38 through line 44.

Standard deduction. Find your standard deduction on the California Standard Deduction Chart For Most People below. If you filled in the circle on Long Form 540NR, line 6, use the California Standard Deduction Worksheet for Dependents, on this page, instead.

California Standard Deduction Chart for Most People

Do not use this chart if your parent, or someone else, can claim you (or your spouse, if married) as a dependent on his or her tax return.

Your Filing Status**Enter On Line 18**

| | |
|-------------------------------|---------|
| 1 – Single | \$3,254 |
| 2 – Married filing jointly | \$6,508 |
| 3 – Married filing separately | \$3,254 |
| 4 – Head of household | \$6,508 |
| 5 – Qualifying widow(er) | \$6,508 |

Note: The California standard deduction amounts are less than the federal standard deduction amounts.

California Standard Deduction Worksheet for Dependents

Use this worksheet only if your parent, or someone else, can claim you (or your spouse, if married) as a dependent on his or her tax return.

- Enter your earned income from: line 1 of the "Standard Deduction Worksheet for Dependents" in the instructions for federal Form 1040; Form 1040A; or from line A of the worksheet on the back of Form 1040EZ 1 _____
- Minimum standard deduction 2 \$800.00
- Enter the **larger** of line 1 or line 2 here 3 _____
- Enter the amount shown for your filing status:

| | | |
|---|---|---------|
| • Single or married filing separately, enter \$3,254 | } | 4 _____ |
| • Married filing jointly, head of household, or qualifying widow(er), enter \$6,508 | | |
- Standard deduction.** Enter the **smaller** of line 3 or line 4 here and on the Short or Long Form 540NR, line 18 5 _____


Line 19 – Taxable Income

Capital Construction Fund (CCF). If you claim a deduction on your federal Form 1040, line 42 for a contribution made to a capital construction fund set up under the Merchant Marine Act of 1936, reduce the amount you contributed on Taxable Income Line 19 by the amount of the deduction. Next to the appropriate line, enter "CCF" and the amount of the deduction. For details, see IRS Publication 595, Tax Highlights for Commercial Fisherman.

California Taxable Income

When you figure your tax, be sure to use the correct filing status and taxable income amount.

Line 20 – Tax

 **Tip** e-file and you won't have to do the math. Go to our Website at www.ftb.ca.gov.

To figure your tax on the amount on line 19, use one of the following methods and fill in the matching circle on line 20:

- **Tax Table.** To prevent possible delays in processing your return or refund, be sure to enter the correct tax amount on this line. To automatically figure your tax or to verify your tax calculation, use our online tax calculator by visiting our Website at www.ftb.ca.gov. To figure your tax yourself, follow these instructions.
If your taxable income is \$100,000 or less, you must use the tax table beginning on page 59. Be sure you use the correct filing status column.
- **Tax Rate Schedules.** If your taxable income is over \$100,000, you must use the tax rates schedules on page 67.
- **FTB 3800.** Generally, you must use form FTB 3800, Tax Computation for Children Under Age 14 with Investment Income, to figure the tax on a separate Long Form 540NR for your child who was under age 14 on January 1, 2006, and who had more than \$1,600 of investment income. Attach form FTB 3800 to the child's Long Form 540NR.
- **FTB 3803.** If, as a parent, you elect to report your child's interest and dividend income of \$8,000 or less (but not less than \$800) on your return, complete form FTB 3803, Parents' Election to Report Child's Interest and Dividends. You must file a separate form FTB 3803 for each child whose income you elect to include on your Long Form 540NR. Add the amount of tax, if any, from each form FTB 3803, line 9, to the amount of your tax from the tax table or tax rate schedules and enter the result on Long Form 540NR, line 20. Attach form(s) FTB 3803 to your return.

Line 21 – California Adjusted Gross Income

You must complete Schedule CA (540NR), line 45 to determine your California adjusted gross income. Follow the instructions for Schedule CA (540NR) beginning on page 36. Enter on Long Form 540NR, line 21 the amount from Schedule CA (540NR), line 45.

Line 22 – CA Taxable Income

Enter the amount from Schedule CA 540NR, line 49.

Line 23 – CA Tax Rate

Divide the tax on total taxable income (line 20) by total taxable income (line 19).

Line 24 – CA Tax Before Exemption Credits

Multiply CA Taxable Income (line 22) by the CA Tax Rate (line 23).

Line 25a – CA Exemption Credit Percentage

Divide the California Taxable Income (line 22) by Total Taxable Income (line 19). This percentage does not apply to the Nonrefundable Renter's Credit, Other State Tax Credit, or credits that are conditional upon a transaction occurring wholly within California. **If more than 1, enter 1.0000.**

Line 25b – CA Prorated Exemption Credits

Use your exemption credits to reduce your tax. If your federal adjusted gross income (AGI) on line 13 is more than the amount for your filing status, your credits will be limited.

If your filing status is: **Is Long Form 540NR, line 13 more than:**

Single or married filing separately \$143,839
Married filing jointly or qualifying widow(er) \$287,682
Head of household \$215,762

Yes Complete the AGI Limitation Worksheet on this page.

No Multiply line 11 by line 25a.

AGI Limitation Worksheet

| | | | |
|----------|---|----------|-------|
| a | Enter the amount from Long Form 540NR, line 13 | a | _____ |
| b | Enter the amount for your filing status on line b: | | |
| | • Single or married filing separately \$143,839 | | |
| | • Married filing jointly or | | |
| | qualifying widow(er) \$287,682 | b | _____ |
| | • Head of household \$215,762 | | |
| c | Subtract line b from line a | c | _____ |
| d | Divide line c by \$2,500 (\$1,250 if married filing separately). Note: If the result is not a whole number, round it to the next higher whole number | d | _____ |
| e | Multiply line d by \$6 | e | _____ |
| f | Add the numbers from the boxes on Long Form 540NR, line 7, line 8, and line 9 (not the dollar amounts) | f | _____ |
| g | Multiply line e by line f | g | _____ |
| h | Enter the total dollar amount for line 7, line 8, and line 9 | h | _____ |
| i | Subtract line g from line h. If zero or less enter -0- | i | _____ |
| j | Enter the number from the box on Long Form 540NR, line 10 (not the dollar amount) | j | _____ |
| k | Multiply line e by line j | k | _____ |
| l | Enter the dollar amount (that you filled in) from Long Form 540NR, line 10 | l | _____ |
| m | Subtract line k from line l. If zero or less, enter -0- | m | _____ |
| n | Add line i and line m. Enter the result here | n | _____ |
| o | Multiply the amount on line n by the CA Exemption Credit Percentage on Form 540NR, line 25a. Enter the result here and on Form 540NR, line 25b | o | _____ |

Line 26 – Tax from Schedule G-1 and form FTB 5870A

Fill in the circle for and enter the amount of taxes from:

- Schedule G-1, Tax on Lump-Sum Distributions; and
- Form FTB 5870A, Tax on Accumulation Distribution of Trusts.

Special Credits and Nonrefundable Renter's Credit

A variety of California tax credits are available to reduce your tax if you qualify.

To figure and claim most credits, you must complete a separate form or schedule and attach it to your Long Form 540NR. The Credit Chart on page 34 describes the credits and provides the name, credit code, and number of the required form or schedule. Many credits are limited to a certain percentage or a certain dollar amount. In addition, the total amount you may claim for all credits is limited by tentative minimum tax (TMT). Answer the following questions before you claim credits on your tax return.



- Do you qualify to claim the nonrefundable renter's credit? (See page 12.)
Check ☐ **Yes** or ☐ **No**, then go to Question 2.
- Are you claiming any other special credit listed in the Credit Chart on page 34?
No If you checked "Yes" for Question 1 and entered an amount on Long Form 540NR, line 40, go to line 41. If you checked "No" for Question 1, skip to the instructions for line 42.
Yes Figure your credit using the form, schedule, worksheet, or certificate identified in the Credit Chart. Then go to Box A, below to see if the total amount you may claim for all credits is limited by TMT. If you checked "Yes" for Question 1, be sure that you entered your nonrefundable renter's credit on line 40.

Box A – Did you complete federal Schedule C, D, E, or F and claim or receive any of the following:

- Accelerated depreciation in excess of straight-line;
- Intangible drilling costs;
- Depletion;
- Circulation expenditures;
- Research and experimental expenditures;
- Mining exploration/development costs;
- Amortization of pollution control facilities;
- Income/loss from tax shelter farm activities;
- Income/loss from passive activities;
- Income from long-term contracts using the percentage of completion method;
- Pass-through AMT adjustment from an estate or trust reported on Schedule K-1 (541); or
- Excluded gain on the sale of qualified small business stock.

Yes Get and complete Schedule P (540NR).
No Go to Box B.

Box B – Did you claim or receive any of the following:

- Investment interest expense;  **226**
- Income from incentive stock options in excess of the amount reported on your return; or  **225**
- Income from installment sales of certain property.

Yes Get and complete Schedule P (540NR).
No Go to Box C.

Box C – If your filing status is: Is Long Form 540NR, line 17 more than:

- Single or head of household \$198,366
- Married filing jointly or qualifying widow(er) \$264,448
- Married filing separately \$132,243

Yes Get and complete Schedule P (540NR).
No Your credits are not limited. Go to the instructions for the Long Form 540NR, line 37, on page 23.

Carryovers: If you claim a credit with carryover provisions and the amount of the credit available this year exceeds your tax, you may carry over any excess credit to future years until the credit is used (unless the carryover period is a fixed number of years). If you claim a credit carryover from an expired credit, use form FTB 3540, Credit Carryover Summary, to figure the amount of the credit.

If you need to complete Schedule P (540NR) and if you claim any of the credits on line 31 through line 33, do not enter an amount on line 31 through line 33. Instead, enter the total amount of these credits from

Schedule P (540NR), Part III, Section A1, line 4 through line 11, on Long Form 540NR, line 36. Do not follow the instructions for line 36. Write "Schedule P (540NR)" to the left of the amount entered on line 36.

Line 31 – Credit for Joint Custody Head of Household — Code 170

Note: You may **not** claim this credit if you used the head of household, married filing jointly, or the qualifying widow(er) filing status.

If you qualify for both the Credit for Joint Custody Head of Household and the Credit for Dependent Parent, you are only allowed to claim one or the other, not both. You may claim a credit if you were unmarried at the end of 2005 (or if married, you lived apart from your spouse for all of 2005 and you used the married filing separately filing status); and if you furnished more than one-half the household expenses for your home that also served as the main home of your child, step-child, or grand-child for at least 146 days but not more than 219 days of your taxable year. If the child is married, you must be entitled to claim a dependent exemption for the child.

Also, the custody arrangement for the child must be part of a decree of dissolution or separate maintenance or must be part of a written agreement between the parents where the proceedings have been initiated, but a decree of dissolution or separate maintenance has not yet been issued.

If your Federal AGI is more than \$143,839, subtract line n from the AGI Limitation Worksheet on page 21 from line 20 of the Long Form 540NR and enter this amount on line 1 of the worksheet below to calculate your credit.

Use the worksheet below to figure this credit:

- Subtract line 11 from line 20 on Long form 540NR and enter the result here **1** _____
- Enter the amount from Long Form 540NR, line 26 ... **2** _____
- Add line 1 and line 2 **3** _____
- Credit percentage — 30% **4** \times .30 _____
- Credit amount. Multiply line 3 by line 4.
Enter on this line the result or \$346, whichever is less. Enter this amount on line 31 of the Long Form 540NR, Side 2 **5** _____

Line 32 – Credit for Dependent Parent — Code 173

Note: You may **not** claim this credit if you used the single, head of household, qualifying widow(er) or married filing jointly filing status.

If you qualify for both the Credit for Joint Custody Head of Household and the Credit for Dependent Parent, you are only allowed to claim one or the other, not both.

You may claim this credit only if:

- You were married at the end of 2005 and you used the married filing separately filing status;
- Your spouse was not a member of your household during the last six months of the year; and
- You furnished over one-half the household expenses for your dependent mother or father, whether or not she or he lived in your home.

To figure the amount of this credit, use the worksheet for the credit for joint custody head of household, above.

Enter on this line the result or \$346, whichever is less. Enter this amount on line 32 of the Long Form 540NR, Side 2.

Line 33 – Credit for Senior Head of Household — Code 163

You may claim this credit if you:

- Were 65 years of age or older on December 31, 2005*;
- Qualified as a head of household in 2003 or 2004 by providing a household for a qualifying individual who died during 2003 or 2004; and
- Did not have adjusted gross income over \$56,262 for 2005.

*If your 65th birthday is on January 1, 2006, you are considered to be age 65 on December 31, 2005.

Note: If you meet all the conditions listed, you do not need to qualify to use the head of household filing status for 2005 in order to claim this credit.

Use the worksheet below to figure this credit:

1. Enter the amount from Long Form 540NR, line 19 . . . **1** _____
2. Credit percentage — 2% **2** x .02
3. Credit amount. Multiply line 1 by line 2.
Enter on this line the result or \$1,060, whichever is less. Enter this amount on line 33 of the Long Form 540NR, Side 2 **3** _____

Line 36 – Credit Percentage and Credit Amount

Complete the worksheet below to compute your credit percentage and the allowable prorated credit to enter on line 36. If you completed Schedule P (540NR), see the instructions right above the Line 31 instructions.

Part I – Credit Percentage

1. Divide Long Form 540NR, line 22 by line 19. Enter the result here and on Long Form 540NR, line **36a** **1** _ _ _ _ _

Part II – Credit Amount

Credit for Joint Custody Head of Household

1. Enter the amount from Long Form 540NR, line 31 . **1** _____
2. Credit Percentage from Part I, line 1 **2** x _____
3. Multiply line 1 by line 2 **3** _____
4. Enter the lesser of the amount from line 3 or \$346 . . **4** _____

Credit for Dependent Parent

5. Enter the amount from Long Form 540NR, line 32 . **5** _____
6. Credit Percentage from Part I, line 1 **6** x _____
7. Multiply line 5 by line 6 **7** _____
8. Enter the lesser of the amount on line 7 or \$346. **8** _____

Credit for Senior Head of Household

9. Enter the amount from Long Form 540NR, line 33 . **9** _____
10. Credit Percentage from Part I, line 1 **10** x _____
11. Multiply line 9 by line 10 **11** _____
12. Enter the lesser of the amount on line 11 or \$1,060 . . **12** _____

Total Prorated Credits

13. Add line 4, line 8, and line 12. Enter the result here and on Long Form 540NR, line 36 **13** _____

Line 37 through Line 39 – Additional Special Credits

Each credit has a code number. To claim only one or two credits, enter the credit name, code number, and amount of the credit on line 37 and line 38. To claim more than two credits, get Schedule P (540NR) complete Part III to list the additional credits. See “Where To Get Income Tax Forms and Publications” on page 65. List two of the credits on line 37 and line 38. Enter on line 39 the total of any remaining credits from Schedule P (540NR).

Important: Attach Schedule P (540NR) and any required supporting schedules or statements to your Long Form 540NR.

Credit for Child Adoption Costs — Code 197

For the year in which an adoption decree or an order of adoption is entered (e.g. adoption is final), you may claim a credit for 50% of the cost of adopting a child who was both:

- A citizen or legal resident of the United States, and
- In the **custody** of a California public agency or a California political subdivision.

You may treat a prior unsuccessful attempt to adopt a child (even when the costs were incurred in a prior year) and a later successful adoption of a different child as one effort when computing the cost of adopting the child. You may include the following costs if directly related to the adoption process:

- Fees for Department of Social Services or a licensed adoption agency.
- Medical expenses not reimbursed by insurance.
- Travel expenses for the adoptive family.

Note:

- This credit does not apply when a child is adopted from another country or another state, or who was not in the custody of a California public agency or a California political subdivision.
- Any deduction for the expenses used to claim this credit must be reduced by the amount of the child adoption costs credit claimed.

Use the following worksheet to figure this credit. If more than one adoption qualifies for this credit, complete a separate worksheet for each adoption. The maximum credit is limited to \$2,500 per minor child.

1. Enter qualifying costs for the child **1** _____
2. Credit percentage — 50% **2** x .50
3. Credit amount. Multiply line 1 by line 2.
Do not enter more than \$2,500 **3** _____

Your allowable credit is limited to \$2,500 for 2005. You may carry over the excess credit to future years until the credit is used.

Line 40 – Nonrefundable renter’s credit

Go to the instructions on page 12.

Line 42

Subtract the amount on line 41 from the amount on line 28. Enter the result on line 42. If the amount on line 41 is more than the amount on line 28, enter -0-. If you owe interest on deferred tax from installment obligations, include the additional tax, if any, in the amount you enter on line 42. Write “IRC Section 453 interest” or “IRC Section 453A interest” and the amount on the dotted line to the left of the amount on line 42.

Other Taxes

Attach the specific form or statement required for each item below.

Line 43 – Alternative Minimum Tax (AMT)

If you claim certain types of deductions, exclusions, and credits, you may owe AMT if your total income is more than:

- \$70,531 married filing jointly or qualifying widow(er); or
- \$52,898 single or head of household; or
- \$35,263 married filing separately.

A child under age 14 may owe AMT if the sum of the amount on line 19 (taxable income) and any preference items listed on Schedule P (540NR) and included on the return is more than the sum of \$5,500 plus the child’s earned income.

AMT income does not include income, adjustments, and items of tax preference related to any trade or business of a qualified taxpayer who has gross receipts, less returns and allowances, during the taxable year of less than \$1,000,000 from **all** trades or businesses.

Get Schedule P (540NR) for more information. See “Where To Get Income Tax Forms and Publications” on page 65.

Line 44 – Mental Health Services Tax

If your taxable income or nonresident CA source taxable income is more than \$1,000,000, compute the Mental Health Services tax below:

- A. Taxable income from Long Form 540NR, line 22 _____
- B. Less: \$(1,000,000)
- C. Subtotal _____
- D. Multiply line C by 1% x .01
- E. Mental Health Services Tax - Enter this amount on Long Form 540NR, line 44 _____

Line 45 – Other Taxes and Credit Recapture

If you received an early distribution of a qualified retirement plan and were required to report additional tax on your federal return, you may also be required to report additional tax on your California tax return. Get FTB 3805P, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts. If you are required to report additional tax, report it on line 45 and write “form FTB 3805P” to the left of the amount.

If you used form(s) FTB 3501, Employer Child Care Program/Contribution Credit; FTB 3508, Solar or Wind Energy System Credit; FTB 3805Z, Enterprise Zone Deduction and Credit Summary; FTB 3806,

Los Angeles Revitalization Zone Deduction and Credit Summary; FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary; FTB 3808, Manufacturing Enhancement Area Credit Summary; or FTB 3809, Targeted Tax Area Deduction and Credit Summary; include the additional tax, if any, on line 45. Write the form number on the dotted line to the left of the amount on line 45.

Payments

Make sure you have your Form(s) W-2 (or CA Sch W-2), W-2G, 1099-MISC, 1099-R, 592-B, 593-B, and 594 before you begin this section.

If you received wages and do not have a Form W-2, see page 10, Question 2.

Line 47 – California Income Tax Withheld

Enter the total California income tax withheld from your Form(s):

- W-2, box 17 (or CA Sch W-2);
- W-2G, box 14;
- 1099-MISC, box 16; or
- 1099-R, box 10.

Caution: Do not include city or county tax withheld or tax withheld by other states. Do not include nonresident or real estate withholding from Form(s) 592-B, 593-B, or 594 on this line. See line 48. If you had California tax withheld and did not receive Forms W-2 or 1099, contact the entity that paid the income.

If you received Form(s) 1099-MISC or 1099-R showing California income tax withheld, include the amount(s) withheld in the total on line 47 and attach a copy of the Form(s) 1099 to your return.

The Franchise Tax Board verifies all withholding claimed from Forms W-2, W-2G, 1099-MISC, and 1099R with the Employment Development Department (EDD).

Generally, tax should not be withheld on Form 1099-MISC. If you want to pre-pay tax on income reported on Form 1099-MISC, you may use Form 540-ES, Estimated Tax for Individuals.

Line 48 – Nonresident Withholding

If you were a nonresident who received California source income or sold California real estate, enter the total California tax withheld from your Form(s) 592-B, 593-B, or 594 (Nonresident Withholding Tax Statement, Real Estate Withholding Tax Statement, or Notice to Withhold Tax at Source, respectively). Attach a copy of Form(s) 592-B, 593-B, or 594 to the lower front of Long Form 540NR, Side 1.

Caution: Do not include withholding from other forms on this line. If you had California income tax withheld and did not receive Form(s) W-2 or 1099, contact the entity that paid the income.

Line 49 – 2005 CA Estimated Tax

Enter the total of any:

- California estimated tax payments you made (Form 540-ES) for 2005;
- Overpayment from your 2004 California income tax return that you applied to your 2005 estimated tax;
- Payment you sent with form FTB 3519, Automatic Extension for Individuals; and
- California estimated tax payments made on your behalf by an estate or trust on Schedule K-1 (541).

Note: If you are including nonconsenting nonresident (NCNR) tax, write "LLC" on the dotted line to the left of the amount on line 49, and attach Schedule K-1 (568) with the amount of the NCNR tax claimed.

If you and your spouse paid joint estimated taxes but are now filing separate income tax returns, either of you may claim the entire amount paid, or you may each claim part of the joint estimated tax payments. If you want the estimated tax payments to be divided, notify the FTB before you file the tax returns so the payments can be applied to the proper account. The FTB will accept in writing, any divorce agreement (or court ordered settlement) or a statement showing the allocation of the payments along with a notarized signature of both taxpayers.

The statements should be sent to:

JOINT ESTIMATED CREDIT ALLOCATION MS F-210
TAXPAYER SERVICES CENTER
FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO, CA 94240-0040

Note: To view your payments, go to www.ftb.ca.gov and select Check your account.

If you or your spouse made separate estimated tax payments, but are now filing a joint income tax return, add the amounts you each paid. Attach a statement to the front of your Long Form 540NR explaining that payments were made under both social security numbers.

Line 50 – Excess California SDI (or VPD) Withheld

You may be entitled to claim a credit for excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI) only if you meet all of the following conditions:

- You had **two or more** California employers during 2005;
- You received more than \$79,418 in wages; and
- The amounts of SDI (or VPD) withheld appear on your Forms W-2. Be sure to attach your Forms W-2 (or CA Sch W-2) to your Long Form 540NR.

If SDI or VPD was withheld from your wages by a single employer, at a rate of more than 1.08%, you may not claim excess SDI (or VPD) on your Long Form 540NR. Contact the employer for a refund.

To determine the amount to enter on line 50, complete the Excess SDI (or VPD) Worksheet below. If married filing jointly, figure the amount of excess SDI (or VPD) separately for each spouse.

Excess SDI (or VPD) Worksheet

Follow the instructions below to figure the amount to enter on Long Form 540NR, line 50. If you are married and file a joint return, you must figure the amount of excess SDI (or VPD) separately for each spouse.

| | You | Your Spouse |
|---|----------|-------------|
| 1. Add amounts of SDI (or VPD) withheld shown on your Forms W-2. Enter the total here 1 | | |
| 2. 2005 SDI (or VPD) limit 2 | \$857.71 | \$857.71 |
| 3. Excess SDI (or VPD) withheld. Subtract line 2 from line 1. Enter the results here. Combine the amounts on line 3 and enter the total on Long Form 540NR, line 50 3 | | |

Note: If zero or less, enter -0- on line 50.

Line 51 through line 54 – Child and Dependent Care Expenses Credit

You may be able to claim this credit if you paid someone to care for your child under the age of 13, other dependent who is physically or mentally incapable of caring for him or herself, or spouse if physically or mentally incapable of caring for him or herself. Your federal adjusted gross income must be \$100,000 or less. You must complete and attach form FTB 3506, Child and Dependent Care Expenses Credit.

The care must have been provided in California. You must have California-sourced income (wages earned working in California or self-employment income from California business activities).

A servicemember's active duty military pay is considered earned income, regardless of whether the servicemember is domiciled in California. Get Pub. 1032, *Tax Information for Military Personnel*, for more information.

Line 51 and line 52

Enter the qualifying person's social security number. Do not enter more than one qualifying person's social security number on line 51 or line 52 from form FTB 3506, Part III, line 2. If you have more than two qualifying persons, see the instructions for form FTB 3506, Part III, line 2.

Line 53

Enter the credit allowed from form FTB 3506, Part III, line 8 (**do not** round this amount).

Line 54

Enter the credit allowed from form FTB 3506, Part III, line 12 (**do not** round this amount). See "Where To Get Income Tax Forms and Publications" on page 65.

Overpaid Tax or Tax Due

Note: If you received a refund for 2004, you may receive a Form 1099-G, Certain Government and Qualified State Tuition Program Payments. The refund amount reported on your Form 1099-G will be different from the amount shown on your tax return if you claimed the Child and Dependent Care Expenses Credit. This is because the credit is not part of the refund from withholdings or estimated tax payments.

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 56 through line 59.

Line 56 – Overpaid Tax

If the amount on line 55 is more than the amount on line 46, subtract the amount on line 46 from the amount on line 55. Enter the result on line 56. Your payments and credits are more than your tax.

Line 57 – Amount You Want Applied to Your 2006 Estimated Tax

You may apply all or part of the amount on line 56 to your estimated tax for 2006. Enter on line 57 the amount of line 56 you want applied to 2006. An election to apply an overpayment against estimated tax is binding. Once the election is made, the overpayment cannot be used against a deficiency after the due date of the return.

Line 58 – Overpaid Tax Available This Year

If you entered an amount on line 57, subtract it from the amount on line 56. Enter the result on line 58. You may have this entire amount refunded to you or you may make contributions to the California Seniors Special Fund or make other voluntary contributions from this amount. If you make a contribution, skip line 59 and go to the instructions for contributions.

Line 59 – Tax Due

If the amount on line 55 is less than the amount on line 46, subtract the amount on line 55 from the amount on line 46. Enter the result on line 59. Your tax is more than your payments and credits.

There is a penalty for not paying enough tax during the year. You may have to pay a penalty if:

- The tax due on line 59 is \$200 or more (\$100 or more if married filing separately); and
- The amount of state income tax withheld on line 47 is less than 90% of the amount of your total tax on line 46.

If you owe a penalty, the Franchise Tax Board will figure the penalty and send you a bill.

Contributions

You may contribute to only the following funds and cannot change the amount you contributed after the return is filed.

If you have overpaid tax available on line 58, the amount you contribute must be subtracted from your overpaid tax available. If you have tax due on line 59, your total contributions must be added to your tax due.

Line 60 – Contribution to California Seniors Special Fund

If you and/or your spouse are 65 years of age or older and claim the Senior Exemption Credit on line 9, you may make a combined total contribution of up to \$174 or \$87 per spouse. Contributions entered on line 60 will be distributed to the Area Agency of Aging Councils (TACC) to provide advice on and sponsorship of Senior Citizen issues. Any excess contributions not required by TACC will be distributed to senior citizen service organizations throughout California for meals, adult day care, and transportation.

Use the worksheet below to figure your contribution:

1. If you contribute, enter \$87; if you and your spouse contribute, enter \$174 **1** _____
2. Enter the ratio from Long Form 540NR, line 25a **2** _____
3. Contribution amount. Multiply line 1 by line 2. Enter the result (rounded to the nearest whole dollar) here **3** _____

You may contribute any amount up to the amount on line 3. Enter your contribution on line 60.

Voluntary Contributions

You may make voluntary contributions of \$1 or more in whole dollar amounts for line 60 to line 75. The amount you contribute either reduces your overpaid tax or increases your tax due. You may contribute only to the funds listed and cannot change the amount you contributed after you file your return.

Line 61 – Alzheimer's Disease/Related Disorders Fund

Contributions will be used to conduct a program for researching the cause and cure of Alzheimer's disease and related disorders and research into the care and treatment of persons suffering from dementing illnesses.

Line 62 – California Fund for Senior Citizens

Contributions will provide support for the California Senior Legislature (CSL). The CSL are volunteers who prioritize statewide senior related legislative proposals in areas of health, housing, transportation, and community services. Any excess contributions not required by the CSL will be distributed to senior citizen service organizations throughout California.

Line 63 – Rare and Endangered Species Preservation Program

Contributions will be used to help protect and conserve California's many threatened and endangered species and the wild lands that they need to survive, for the enjoyment and benefit of you and future generations of Californians.

Line 64 – State Children's Trust Fund for the Prevention of Child Abuse

Contributions will be used to fund programs for the prevention, intervention, and treatment of child abuse and neglect.

Line 65 – California Breast Cancer Research Fund

Contributions will fund research toward preventing and curing breast cancer. Breast cancer is the most common cancer to strike women in California. It kills 4,000 California women each year. Contributions also fund research on prevention and better treatment, and keep doctors up to date on research progress. For more about the research your contributions support, please see our Website at www.ucop.edu/srphome/bcrp/. Your contribution can help make breast cancer a disease of the past.

Line 66 – California Firefighters' Memorial Fund

Contributions will be used for the repair and maintenance of the California Firefighters' Memorial on the grounds of the State Capitol, ceremonies to honor the memory of fallen firefighters, and to assist surviving loved ones, and for an informational guide detailing survivor benefits to assist the spouses and children of fallen firefighters.

Line 67 – Emergency Food Assistance Program Fund

Contributions will help local food banks feed California's hungry. Your contribution will fund the purchase of much-needed food for delivery to food banks, pantries, and soup kitchens throughout the state. The state Department of Social Services will monitor its distribution to ensure the food is given to those most in need.

Line 68 – California Peace Officer Memorial Foundation Fund

Contributions will permit the Foundation to preserve the memory of our fallen comrades by maintaining a Memorial on State Capitol grounds, and updating it annually to memorialize officers killed in the line of duty each year. Beginning with California statehood, peace officers have laid

their lives on the line to protect law-abiding citizens. Since then, over 1,300 courageous peace officers have fallen in the line of duty. The California Peace Officer Memorial Foundation is a non-profit charitable organization committed to honoring those heroes by assisting their survivors by offering moral support, counseling, and financial support, including academic scholarships for the children of those officers who have made the supreme sacrifice. On behalf of all of us and the law-abiding citizens of California, we thank you for your participation.

Line 71 – California Military Family Relief Fund

Contributions will be used to provide financial aid grants to members of the California National Guard who are California residents, and have been called to active duty.

Line 72 – California Prostate Cancer Research Fund

Contributions will be used to further the research of Prostate Cancer.

Line 73 – Veterans' Quality of Life Fund

Contributions will be allocated to the Morale, Welfare, and Recreation Fund to provide additional funding for each of the veterans' homes.

Line 74 – California Sexual Violence Victim Services Fund

Contributions will be allocated to the State Department of Health Services for allocation to the California Coalition Against Sexual Assault (CALCASA) for the award of grants to support CALCASA rape crisis center programs for victims of rape and sexual assault.

Line 75 – California Colorectal Cancer Prevention Fund

Contributions will be allocated to the State Department of Health Services for making grants to foundations that qualify as exempt organizations and whose mission is the prevention and early detection of colorectal cancer. The grants shall contribute toward the expansion of community-based colorectal cancer education and culturally sensitive and appropriate prevention activities targeted toward communities that are disproportionately at risk or afflicted by colorectal cancer.

Line 76 – Total Contributions

Add line 60 through line 75. Enter the result on line 76. If you show an amount on line 58, you must subtract the amount you contribute from the amount of overpaid tax. If you show an amount on line 59, you must add your total contributions to your tax due.

Refund or Amount You Owe

Be sure to add or subtract correctly to figure the amount of your refund or the amount you owe.

Line 77 – Refund or No Amount Due

If you did not enter an amount on line 76, enter the amount from line 59 on line 77. This is the amount that will be refunded to you. If it is less than \$1, you must attach a written statement to your Long Form 540NR requesting the refund. To have your refund directly deposited into your bank account, see Direct Deposit (Refund Only) on page 27.

If you entered an amount on line 76, subtract it from the amount on line 58. If the result is zero or more, enter it on line 77. Then skip to the instructions for line 79 on page 27.



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If the result is less than zero, your contributions are more than your overpaid tax available on line 58. In this case, do not enter an amount on line 77. Instead, enter the result on line 78 and see the instructions for line 78.

Want a fast refund? Get your refund in 10 days or less when you e-file your return!

Line 78 – Amount You Owe

If you did not enter an amount on line 76, enter the amount from line 59 on line 78. This is the amount you owe with your Long Form 540NR.

If you entered an amount on line 76, add that amount to the amount on line 59. Enter the result on line 78. This is the amount you owe with your Long Form 540NR.

To avoid a late filing penalty, file your Long Form 540NR by the extended due date even if you cannot pay the amount you owe.

Do not combine your 2005 tax payment and any 2006 estimated tax payment in the same check or money order. You must prepare two separate checks or money orders and mail each in a separate envelope.

Payment Options

- **Electronic Funds Withdrawal** – Instead of paying by check you can use this convenient option if you e-file. Simply provide your bank information, amount you want to pay, and the date you want the balance due to be withdrawn from your account. Your tax preparation software will offer this option.
- **Web Pay** – Enjoy the convenience of online bill payment with Franchise Tax Board's Web Pay. This secure online service lets you pay the current amount you owe, as well as any future payments or bills. Visit our Website at www.ftb.ca.gov for more information. Log on using your social security number and your current customer service number.
- **Check or Money Order** – Make your check or money order payable to the "Franchise Tax Board" for the full amount you owe. **Do not send cash.** Be sure to write your social security number and "2005 Long Form 540NR" on your check or money order. **Enclose, but do not staple, any payment to your return.** A penalty may be imposed if your check is returned by your bank for insufficient funds. All checks must be payable in U.S. dollars and drawn against a U.S. financial institution.
Note: If you enter an amount on line 79 or line 80, see the instructions for line 81 for information about how to prepare your check.
- **Credit Card** – Whether you e-file or file by mail, you can use your Discover/Novus, MasterCard, Visa, or American Express card to pay your personal income taxes (tax return balance due, extension payment, estimated tax payment, or tax due with bill notice). If you pay by credit card, do not mail form FTB 3519 to us. Call (800) 272-9829 or visit the Website at www.officialpayments.com, and use the jurisdiction code 1555. Official Payments Corp. charges a convenience fee for using this service.

Convenience Fee

- 2.5% of the tax amount charged (rounded to the nearest cent)
- Minimum fee: \$1

Example: Tax Payment = \$753.56 Convenience Fee = \$18.84

When will my payments be effective?

Your payment is effective on the date you charge it.

What if I change my mind?

If you pay your tax liability by credit card and later reverse the credit card transaction, you may be subject to penalties, interest, and other fees imposed by the Franchise Tax Board for nonpayment or late payment of your tax liability.

How do I use my credit card to pay my income tax bill?

Once you have determined the type of payment and how much you owe, you should have the following information ready:

- Your Discover/Novus, MasterCard, Visa, or American Express card
- Credit card number
- Expiration date
- Amount you are paying
- Your and your spouse's SSN (or ITIN)
- First 4 letters of your and your spouse's last name
- Tax year
- Home phone number
- ZIP Code for address where your monthly credit card bill is sent
- FTB Jurisdiction Code: 1555

Go to the Official Payments Corp. Website www.officialpayments.com and select Payment Center, or use the toll-free number at (800) 2PAY-TAX or (800) 272-9829. Follow the recorded instructions. Official Payments Corp. will tell you the convenience fee before you complete your transaction. You can decide whether to complete the transaction at that time.

Payment Date : _____ Confirmation Number: _____

If you cannot pay the full amount shown on line 78 with your return, you may request monthly payments. See page 10, Question 4.

Interest and Penalties

If you file your return or pay your tax after the original due date, you may owe interest and penalties on the tax due.

Note: Do not reduce the amount on line 56 or increase the amount on line 59 by any penalty or interest amounts.

Line 79 – Interest and Penalties

Enter on line 79 the amount of interest and penalties.

Interest. Interest will be charged on any late filing or late payment penalty from the original due date of the return to the date paid. In addition, if other penalties are not paid within 15 days, interest will be charged from the date of the billing notice until the date of payment. Interest compounds daily and the interest rate is adjusted twice a year.

Late Filing of Return. The maximum total penalty is 25% of the tax not paid if the return is filed after October 16, 2006. The minimum penalty for filing a return more than 60 days late is \$100 or 100% of the balance of tax due, whichever is less.

Late Payment of Tax. The penalty is 5% of the tax not paid when due plus 1/2% for each month, or part of a month, the tax remains unpaid.

Other Penalties. Other penalties can be imposed for a check returned for insufficient funds, negligence, substantial understatement of tax, and fraud.

Line 80 – Underpayment of Estimated Tax

You may be subject to an estimated tax penalty if any of the following is true:

- Your withholding and credits are less than 90% of your current tax year liability,
- Your withholding and credits are less than 100% of your prior year tax liability (110% if AGI > \$150,000 or \$75,000 if married filing separately),
- You did not pay enough through withholding to keep the amount you owe with your return under \$200.

Is line 59 less than \$200 (\$100 if married filing separately)?

Yes - Stop, you are not subject to an estimated payment penalty.

No - You may be subject to an estimate payment penalty.

Is line 59 less than 10% of the amount on line 42 (excluding the tax on lump-sum distributions on line 26)?

Yes - Stop, you are not subject to an estimate penalty.

No - You may be subject to an estimate payment penalty, see form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries (or form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen).

If you complete one of these forms, enter the amount of the penalty on line 80 and fill in the correct circle on line 80. You must complete and attach the form if you claim a waiver, use the annualized income installment method, or pay tax according to the schedule for farmers and fishermen, even if you do not owe a penalty.

See "Important due dates" on page 6 for more information on how to avoid the penalty.

Note: There will be a waiver of penalties imposed for the underpayment of tax with respect to any law enacted during the 2005 tax year. To request a waiver of underpayment of estimated tax penalty, get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries. See "Where To Get Tax Forms and Publications" on page 65.

Line 81 – Total Amount Due

Is there an amount on line 78?

Yes Add line 78, line 79, and line 80. Enter the result here and make your check or money order for this amount.

No Go to the next question.

Is there an amount on line 77?

Yes Add line 79 and line 80. If the result is:

- Less than line 77, your refund will be reduced by this amount when your return is processed. Do not enter an amount on line 81.
- More than line 77, subtract line 77 from it and enter the result. Make your check or money order for this amount.

No Add line 79 and line 80, enter the result, and make your check or money order for this amount.

Line 82 – 2006 Tax Forms

If your Long Form 540NR is prepared by someone else, or if you do not need forms mailed to you next year, fill in the circle on line 82.

Direct Deposit (Refund Only)

It's fast, safe, and convenient to have your refund directly deposited into your bank account.

The following illustration shows which bank numbers to transfer to the preprinted boxes on Long Form 540NR, Side 2.

Tip Do not use a deposit slip to find the bank numbers. Contact your financial institution for assistance in getting the correct routing number.

Caution: Do not attach a voided check or deposit slip to your return.

Note: The Franchise Tax Board is not responsible when a financial institution rejects a direct deposit. If the bank or financial institution rejects the direct deposit due to an error in the routing number, the Franchise Tax Board will issue a paper check.

The illustration shows a check from John Doe and Mary Doe, 1234 Main Street, Anytown, CA 99999. The check is payable to the order of ANYTOWN BANK, Anytown, CA 99999. The routing number is 250250025 and the account number is 202020. The check number is 1234. A note indicates that the check number should not be included in the direct deposit information. The check is dated 12/34 and the amount is \$15,000.00.

Sign Your Return

You must sign your return in the space provided on Side 2. If you file a joint return, your spouse must sign it also.

Joint Return. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other spouse may have to pay the tax due. See Innocent Spouse Relief, on page 64.

Paid Preparer's Information. If you pay a person to prepare your Long Form 540NR, that person must sign and complete the area at the bottom of Side 2 including an identification number (social security number, FEIN, or PTIN). A paid preparer must give you two copies of your return: one to file with the Franchise Tax Board, and one to keep for your records.

Power of Attorney. Although another person may have prepared your return, he or she is not automatically granted access to your tax information in future dealings with us. At some point, you may wish to designate someone to act on your behalf in matters related or unrelated to this tax return (e.g., an audit examination). To protect your privacy, you must submit to us a legal document called a "Power of Attorney" authorizing another person to discuss or receive personal information about your income tax records.

For more information, get form FTB 1144 (pamphlet) and FTB 3520 (POA form), available at www.ftb.ca.gov. See "Where To Get Income Tax Forms and Publications" on page 65.

Check Your Social Security Number (or ITIN). Make sure that you have written your social security number (or ITIN) in the spaces provided at the top of Long Form 540NR. If you file a joint return, make sure they are entered in the same order as both names.

Form(s) W-2, W-2G, 1099, 592-B, 593-B, and 594. Attach all the Form(s) W-2 and W-2G you received to the front of your return where it says "Attach copy of your Form(s) W-2 and W-2G here. Also, attach any Form(s) 1099, 592-B, 593-B, and 594 showing California income tax withheld. If you completed CA Sch W-2 attach it to the back of your return.

If you cannot get a copy of your Form W-2, you must complete form FTB 3525, Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. See "Where To Get Income Tax Forms and Publications" on page 65.

If you forget to send your Form(s) W-2 with your income tax return, do not send it separately. Wait until the Franchise Tax Board requests it from you.

Important: You must attach a copy of your federal income tax return, and all supporting federal forms and schedules to Long Form 540NR.

See page 9, Helpful Hints, "Assembling your return" for more information.

Mailing Addresses

If you have a refund, or if you have no amount due, mail your return to:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0002

If you owe, mail your return to:

FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0001

Nonrefundable Renter's Credit Qualification Record

e-file and skip this page! The software you use to e-file will help you find out if you qualify for this credit and will figure the correct amount of the credit automatically. Visit our Website at www.ftb.ca.gov. If you were a resident of California for at least six months in 2005 and paid rent on property in California which was your principal residence, you may qualify for a credit that you can use to reduce your tax. Answer the questions below to see if you qualify.

1. Were you a resident¹ of California for at least six full months of the tax year in 2005?

YES Go to the next question.
NO Stop here. You do not qualify for this credit.

2. Is your adjusted gross income from all sources on your Long or Short Form 540NR, line 17:

- \$30,794 or less if single or married filing separately; or
- \$61,588 or less if married filing jointly, head of household, or qualifying widow(er)?

YES Go to question 3.
NO Stop here. You do not qualify for this credit.

3. Did you pay rent, for at least half of 2005, on property (including a mobile home that you owned on rented land) in California which was your principal residence?

YES Go to question 4.
NO Stop here. You do not qualify for this credit.

4. Can you be claimed as a dependent by a parent, foster parent, or legal guardian in 2005?

NO Go to question 6.
YES Go to question 5.

5. For more than half the year in 2005, did you live in the home of the person who can claim you as a dependent?

NO Go to question 6.
YES Stop here. You do not qualify for this credit.

6. Was the property you rented exempt² from property tax in 2005?

NO Go to question 7.
YES Stop here. You do not qualify for this credit.

7. Did you claim the homeowner's property tax exemption³ anytime during 2005?

NO Go to question 8.
YES Stop here. You do not qualify for this credit.

8. Were you single in 2005?

YES Go to question 11.
NO Go to question 9.

9. Did your spouse claim the homeowner's property tax exemption³ anytime during 2005?

NO Go to question 11.
YES Go to question 10.

10. Did you and your spouse maintain separate residences for the entire year in 2005?

YES Go to question 11.
NO Stop here. You do not qualify for the credit.

11. Use the following chart to find the amount of your credit based on the number of full months you were a resident of and rented property in California in 2005. Enter the amount on the line below and follow the instructions below the chart.

Note: If you answered "Yes" to question 8, use the amounts for single or married filing separately.

| Number of months | | | | | | | |
|--|------|------|------|------|-------|-------|---------------|
| | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Single or married filing separately ⁴ | \$30 | \$35 | \$40 | \$45 | \$50 | \$55 | \$60 |
| Married filing jointly, head of household, or qualifying widow(er) | \$60 | \$70 | \$80 | \$90 | \$100 | \$110 | File Form 540 |

\$ _____

If this credit is the only special credit you are claiming, enter the amount on your Long or Short Form 540NR, line 40.

If you are a Long Form 540NR filer and are claiming additional special credits in addition to this credit, go to the instructions on page 23 for Long Form 540NR.

Do Not Mail This Record



Fill in the street address(es) and landlord information below for the residence(s) you rented in California during 2005 which qualified you for this credit.

| Street Address | City, State, and ZIP Code | Dates Rented in 2005 (From _____ to _____) |
|----------------|---------------------------|--|
| a _____ | | |
| b _____ | | |

Enter the name, address, and telephone number of your landlord(s) or the person(s) to whom you paid rent for the residence(s) listed above.

| Name | Street Address | City, State, ZIP Code, and Telephone Number |
|---------|----------------|---|
| a _____ | | |
| b _____ | | |

¹ Military personnel. If you are not a legal resident of California, you do not qualify for this credit. Your spouse may claim up to a maximum of \$60 if he or she was a resident, did not live in military housing during 2005, and is otherwise qualified.

² Property exempt from property taxes. You do not qualify for this credit if, for more than half of the year, you rented property that was exempt from property taxes. Exempt property includes most government-owned buildings, church-owned parsonages, college dormitories, and military barracks. However, if you or your landlord paid possessory interest taxes for the property you rented, then you may claim this credit.

³ Homeowner's property tax exemption. You do not qualify for this credit if you or your spouse received a homeowner's property tax exemption at any time during the year. However, if you lived apart from your spouse for the entire year and your spouse received a homeowner's property tax exemption for a separate residence, then you may claim this credit if you are otherwise qualified.

⁴ Married filing separate returns. If you and your spouse file separate returns, lived in the same rental property, and both qualify for this credit, one spouse may claim the full amount of this credit (\$120), or each spouse may claim half of the amount (\$60 each).

CREDIT CHART

e-file at www.ftb.ca.gov

| Credit Name | Code | Description |
|---|------|--|
| Child Adoption – Worksheet on page 23 | 197 | 50% of qualified costs in the year an adoption is ordered |
| Child and Dependent Care Expenses – FTB 3506 See the instructions on page 24 | None | Similar to the federal credit except that the California credit amount is based on a specified percentage of the federal credit and is refundable |
| Community Development Financial Institution Deposits – Certification Required | 209 | 20% of each qualified deposit made to a community development financial institution Obtain certification from: California Organized Investment Network (COIN), Department of Insurance, 300 Capitol Mall, 16th Floor, Sacramento CA 95814 or go to www.insurance.ca.gov/docs/FS-COIN.htm |
| Dependent Parent – Worksheet on page 22 | 173 | Must use married filing separately status and have a dependent parent |
| Disabled Access for Eligible Small Businesses – FTB 3548 | 205 | Similar to the federal credit but limited to \$125 based on 50% of qualified expenditures that do not exceed \$250 |
| Donated Agricultural Products Transportation – FTB 3547 | 204 | 50% of the costs paid or incurred for the transportation of agricultural products donated to nonprofit charitable organizations |
| Employer Child Care Contribution – FTB 3501 | 190 | Employer: 30% of contributions to a qualified plan |
| Employer Child Care Program – FTB 3501 | 189 | Employer: 30% of cost for establishing a child care program or constructing a child care facility |
| Enhanced Oil Recovery – FTB 3546 | 203 | One third of the similar federal credit and limited to qualified enhanced oil recovery projects located within California |
| Enterprise Zone Employee – FTB 3553 | 169 | 5% of wages from work in an enterprise zone |
| Enterprise Zone Hiring & Sales or Use Tax – FTB 3805Z | 176 | Business incentives for enterprise zone businesses |
| Environmental Tax – FTB 3511 | 218 | Five cents (\$.05) for each gallon of ultra low sulfur diesel fuel produced during the taxable year by a small refiner at any facility located in this state |
| Farmworker Housing – Certification required | 207 | 50% of new construction or rehabilitation costs for farmworker housing Obtain certification from: Farmworker Housing Assistance Program, California Tax Credit Allocation Committee, 915 Capitol Mall, Room 485, Sacramento CA 95814 |
| Joint Custody Head of Household – Worksheet on page 22 | 170 | 30% of tax up to \$346 for taxpayers who are single or married filing separately, who have a child and meet the support test |
| Joint Strike Fighter Wages – FTB 3534 | 215 | A percentage of qualified wages paid or incurred in California in connection with the construction of a joint strike fighter |
| Joint Strike Fighter Property Costs – FTB 3534 | 216 | 10% of the cost of property placed in service in California for ultimate use in a joint strike fighter |
| Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales or Use Tax – FTB 3807 | 198 | Business incentives for LAMBRA's |
| Low-Income Housing – FTB 3521 | 172 | Similar to the federal credit but limited to low-income housing in California |
| Manufacturing Enhancement Area (MEA) Hiring – FTB 3808 | 211 | Percentage of qualified wages paid to qualified disadvantaged individuals |
| Natural Heritage Preservation – FTB 3503 | 213 | 55% of the fair market value of any qualified contribution of property donated to the state, any local government, or any nonprofit organization designated by a local government |
| Nonrefundable Renter's — See page 12 | None | For California residents who paid rent for their principal residence for at least 6 months in 2005 and whose AGI does not exceed a certain limit |
| Other State Tax – Schedule S | 187 | Net income tax paid to another state or a U.S. possession on income also taxed by California |
| Prior Year Alternative Minimum Tax – FTB 3510 | 188 | Must have paid alternative minimum tax in a prior year and have no alternative minimum tax liability in 2005 |
| Prison Inmate Labor – FTB 3507 | 162 | 10% of wages paid to prison inmates |
| Research – FTB 3523 | 183 | Similar to the federal credit but limited to costs for research activities in California |
| Rice Straw – Certification required | 206 | \$15 per ton of purchased rice straw grown in California Obtain certification from: Rice Straw Tax Credit Program, Department of Food and Agriculture, 1220 N Street, Room A-244, Sacramento, CA 95814 or go to www.cdfa.ca.gov |
| Senior Head of Household – Worksheet on page 22 | 163 | 2% of taxable income up to \$1,060 for seniors who qualified for head of household in 2003 or 2004 and whose qualifying individual died during 2003 or 2004 |
| Solar or Wind Energy System – FTB 3508 | 217 | The lesser of 7.5% of the cost paid or incurred for the purchase and installation of a Solar or Wind Energy System or the dollar amount per rated watt of the Solar or Wind Energy System |
| Targeted Tax Area (TTA) Hiring & Sales or Use Tax – FTB 3809 | 210 | Business incentives for TTA businesses |
| Teacher Retention Credit – FTB 3505 | 212 | This credit is suspended for taxable years 2004 and 2005 |

Repealed Credits: The expiration dates for these credits have passed. However, these credits had carryover provisions. You may claim these credits only if there is a carryover available from prior years. If you are not required to complete Schedule P (540NR), get form FTB 3540, Credit Carryover Summary, to figure your credit carryover to future years. See "Where To Get Income Tax Forms and Publications" on page 65

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| Agricultural Products | 175 | Los Angeles Revitalization Zone (LARZ) | | Ridesharing | 171 |
| Commercial Solar Electric System | 196 | Hiring & Sales or Use Tax | 159 | Salmon & Steelhead Trout Habitat | |
| Commercial Solar Energy | 181 | Low-Emission Vehicles | 160 | Restoration | 200 |
| Employee Ridesharing | 194 | Manufacturers' Investment | 199 | Solar Energy | 180 |
| Employer Ridesharing: Large employer | 191 | Orphan Drug | 185 | Solar Pump | 179 |
| Small employer | 192 | Political Contributions | 184 | Water Conservation | 178 |
| Transit passes | 193 | Recycling Equipment | 174 | Young Infant | 161 |
| Energy Conservation | 182 | Residential Rental & Farm Sales | 186 | | |